



UNDER SECRETARY OF THE AIR FORCE
WASHINGTON

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MEMORANDUM FOR ALMAJCOM/CC

SUBJECT: Small and Disadvantaged Business Utilization Program

I recently reported to the Under Secretary of Defense on our Air Force Small and Disadvantaged Program Fiscal Year 2001 (FY 01) statistics, showing the lowest percentage of small business prime contract awards since FY 91. We achieved 13.8% against a goal of 16.2%, reflecting a continuing decline since FY 95.

While product mix and changed business practices are factors impacting this trend, we must remain committed to achieving the goals, established by statute, for this vital program. Small and disadvantaged businesses do not equate to small or limited capability. Small businesses are not only essential to the social, economic, and technological growth of our nation; they have been, and continue to be, a vital part of our defense industrial base. One only has to look to the contributions in our current operational environment to see the value small business has brought to our platforms, precision guided munitions, logistical support, and C4ISR.

The continued health of small business as part of our industrial base is of growing concern to Congress, as well as the Department of Defense and the Air Force. I believe that a leadership focus will be essential to prevent further erosion of this vital sector. I expect Commanders at every level to take a personal interest in the performance of their small business programs, and to insure that small businesses are considered as potential viable sources to satisfy each requirement. Quarterly reviews should be used to discuss strategies to increase small business participation. The Small and Disadvantaged Business Utilization Program should become a priority in every business decision. I also ask that Program Executive Officers and System Program Directors become familiar with the statutory and regulatory provisions of this program, and to ensure that challenging small and disadvantaged businesses utilization targets be a consideration of every acquisition strategy, both at the prime and subcontracting levels.

I have asked Mr. Joe Diamond, Director of the Air Force Office of Small and Disadvantaged Utilization, to work closely with you and your workforce to help identify small business capabilities as a source to satisfy our transformational needs. We must continue to aggressively evaluate the progress made in this vital program. We cannot afford to have the under-utilization of small and disadvantaged businesses mask the tremendous capabilities they collectively bring to us. I sincerely ask your help on this issue.

John B. Teets

cc: All PEOs
SAF/AQ

cc: CD_